



IDAHO WATER RESOURCE BOARD

MINUTES OF MEETING

MEETING NO. 05-05 OF THE IDAHO WATER RESOURCE BOARD

March 4, 2005, 8:30 a.m.

Idaho Department of Water Resources
Conference Room A - D, 322 East Front Street, Boise, Idaho

Dirk Kempthorne
Governor

Jerry R. Rigby
Chairman
Rexburg
At Large

Meeting No. 05-05 of the Idaho Water Resource Board was called to order by Chairman Rigby
At the Idaho Water Center in Boise Idaho
(Two Recording Tapes)

Terry T. Uhling
Vice Chairman
Boise
District 2

D. Richard Wyatt
Secretary
Lewiston
District 1

Leonard Beck
Burley
District 3

Bob Graham
Bonners Ferry
At Large

L. Claude Storer
Idaho Falls
District 4

Gary M. Chamberlain
Challis
At Large

Lawrence 'Vic' Armacost
New Meadows
At Large

Agenda Item No. 1, Roll Call

Board Members Attending

Jerry Rigby, Chairman	Dick Wyatt, Secretary
Gary Chamberlain	Terry Uhling, Vice Chairman
Leonard Beck	Vic Armacost
Bob Graham	Claude Storer - Absent

Department of Water Resources Staff Present

Hal Anderson, Administrator	Bill Graham, Bureau Chief
Crystal Calais, Admin. Asst. II	Brian Patton
Karl Dreher, Director	

Agenda Modification: Amendment to the Agenda to include the Election of Board Officers

Mr. Wyatt made a motion to amend the agenda.
Mr. Chamberlain seconded the motion
General vote called – Unanimous Approval, None Opposed.
Motion to Amend the Agenda Passed.

Chairman Rigby welcomed Vic Armacost, and announced his new appointment to the Board.

Agenda Item No. 2, Election of Board Officers

Mr. Anderson reviewed Board Officer Election Procedures

Mr. Wyatt made a motion to have Mr. Rigby continue another term as Chairman.

Mr. Uhling seconded the motion. Unanimous voice vote in favor.

Mr. Beck made a motion that Mr. Uhling continue to serve as Vice-Chairman for another term.

Mr. Chamberlain seconded the motion. Unanimous voice vote in favor.

Mr. Chamberlain made a motion to have Mr. Wyatt continue another term as Secretary.

Mr. Graham seconded the motion. Unanimous voice vote in favor.

Agenda Item No. 3 Approval of minutes from meeting # 01-05

Motion: Mr. Chamberlain moved to approve the minutes.

Mr. Wyatt seconded. Unanimous voice vote in favor.

Agenda Item No. 4 Public Comment

No public comments made

Agenda Item No. 5 Dworshak Hydroelectric Project Status Report

Mr. Patton gave a general status report of the Dworshak Hydroelectric Project.

As of February 1st the power plant has produced just less than 95 million kWh of energy for sale to the Bonneville Power Administration. On January 1st, the power sales rate increased 3% to 4.51 mills per kWh. The reservoir is between 30 & 40 feet from full.

Agenda Item No. 6, IWRB Financial Program

Mr. Patton went over available funds in the Board's Water Management and Revolving Development accounts. Mr. Patton gave updates on some ongoing projects, for which the Board had previously approved funding assistance. The Rental Pool funds from Water District 65 and Water District 01 had both been received.

Agenda Item No. 6b, McGuire Estates Water Users Association Loan Request

Mr. Patton went over the details of the McGuire Estates Water User's loan request in the amount \$133,580.00 to make improvements to their community water system. Mr. Patton stated the money was needed to comply with D.E.Q. requirements in fixing the structural deficiency in the water system where the pressure storage tank is in danger of failing and they are required to replace it within a 45-day time period.

Motion: Mr. Wyatt made the motion to authorize a loan of the \$133,580.00 at an interest rate of 6% for a 15-year term.

Mr. Beck seconded.

Cont. - Agenda Item No. 6b, McGuire Estates Water Users Association Loan Request

There was discussion of the ability of the district to repay the loan to which Mr. Patton replied with assurances that the district was able to make its payments.

Roll Call Vote: Mr. Wyatt, Aye; Armacost, Aye; Mr. Storer, Absent; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Aye; Mr. Rigby, Aye – 7 Ayes, 0 Nays, 1 Absent. *Motion passed*

Mr. Wyatt gave a brief update on the status of a loan to Garwood Water Cooperative, saying their (last) fiscal year was almost double what they anticipated. Mr. Wyatt spoke with their engineer and reported that they hadn't started the project yet because even though they'd received \$250,000 in grants and loans, the lowest bid they had was well over \$350,000, so they are looking at trying to get a 30-year loan in order to keep their payments affordable.

Agenda Item No. 6c, United Water Refunding

Mr. Anderson presented the Inducement Resolution # 1-05 that was for refunding of United Water 1994 Revenue Bond and asked Mr. Jim Wrigley of Wells Fargo Bank to present the Inducement Resolution.

Mr. Wrigley gave details of the Inducement Resolution for the loan to United Water Company in the amount of \$20 million dollars. The Company is contemplating the refunding of bonds that were issued in 1994 to affect a substantial interest rate savings.

Mr. Wrigley reviewed the Board's role in and authority over issuing Bonds.
Mr. Wrigley went over the details of the proposed Inducement Resolution.

Motion: Mr. Chamberlain moved to approve Inducement Resolution #1-05 with the caveat that the 1/8% of net present value Water Board Issuance Fee be retained.
Mr. Wyatt seconded.

Mr. Anderson explained that the fees were not mentioned in the Inducement Resolution and they would be set in the Final Parameters Resolution.

Mr. Rigby suggested that the Board wait to address the fee issue before adopting the Parameters Resolution.

Amended Motion: Mr. Chamberlain amended his motion to approve the Inducement Resolution only.
Mr. Wyatt seconded the amended motion.

Roll Call Vote: Mr. Wyatt, Aye; Armacost, Aye; Mr. Storer, Absent; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Aye; Mr. Rigby, Aye – 7 Ayes, 0 Nays, 1 Absent. *Motion passed*

Agenda Item No. 6d, Tamarack Update

Mr. Steve Millemann was available to present a status report of the Tamarack Resort Project that the Board had previously passed an Inducement Resolution to fund the construction and sale of the water system to the North Lake Recreational Sewer & Water District. He provided information

packets to the Board Members and updates on the Local Improvement Districts assessment status. Mr. Millemann's report was very thorough and positive in the progress of the projects and he answered questions from the Board regarding the formation of the Irrigation District, costs and impact study results concerning the local communities.

Agenda Item No. 6e, 2000 Pooled Revenue Bond Refunding (Added Item)

Mr. Anderson reviewed The City of Caldwell and New York Irrigation District Pooled Revenue Bonds for the Board and explained the situation that may arise with the revenue bond cash flow. Referred to Mr. Wrigley for an explanation of details and requested direction from the Board on the possibility of refinancing the 2000 Revenue Bond.

Mr. Wrigley conveyed positive progress on the first Pooled Revenue Bonds and covered the projects it was used for by the City of Caldwell and the New York Irrigation District. Mr. Wrigley also explained the Board's interest in this type of project.

Motion: Mr. Chamberlain moved for Mr. Wrigley to prepare a more detailed financial report for the Board.

Mr. Armacost seconded.

The Board continued discussion on the overall concerns of issuing revenue bonds and the effects of higher or lower interest rates as well as the effects of default on a bond of this type.

Unanimous voice vote in favor – Motion Passed.

Agenda Item No. 7 ESPA Settlement

Mr. Dreher gave a brief update to explain the situation with the Invitation to Purchase Water Rights and the funding needed to go forward with the Strawman proposal as well as some detailed options and some difficulties to be considered. The Department and the Board are currently at a point in the process where action needs to be taken either in fulfilling the purchases that are viable or backing away from purchases of those offers we've received. Mr. Dreher explained some of the options available to the Board as well as the extreme differences in offers received. Mr. Dreher stressed that many of the details would need to be discussed in an Executive Session due to the nature of the negotiations.

Mr. Rigby suggested the Board convene in an Executive Session so that Mr. Dreher could give the Board specific details regarding financial considerations involved with the Invitation to Purchase Water Rights. Mr. Dreher suggested that the Board move through the rest of the agenda and await a call from council.

Agenda Item No. 8 Nez Perce Agreement, Minimum Streamflows – Status Report

Mr. Uhling gave a status update on the Minimum Streamflows Water Rights related to the Nez Perce Agreement. The State and the Tribe have come to terms with most of the technical parts of the agreements. The Board will need to be updated by Clive Strong on the details of those terms.

Agenda Item No. 9, Planning Update

Mr. Bill Graham went over comprehensive state water plans for the South Fork Clearwater Basin and the Priest River Basin Plan Amendment, which were passed by the Senate Environmental Resources Committee and are currently before the House Resources & Conservation Committee.

Bill Graham gave an update on continuation of the water use studies and development of an economic model for the Lower Boise system. Mr. Graham stated there was a lot of activity in Planning right now and expressed the need for Board direction on what projects the Board would like Planning to take a more active role in on their behalf.

Mr. Rigby expressed that the Board would like to have an active role in a lot of the current issues happening, as long as it's appropriate and the funding is available to finance that activity.

Mr. Dreher clarified the roles of the Department and the Board and stated that there is always room to do more if the legislature provides more funding. One of the benefits of having the Board and the Department so closely aligned is that it creates opportunity to have similar policies and minimizes potential conflicts.

Agenda Item No. 10, Director's Report

Mr. Dreher talked about the budget and explained that the general fund growth was set at 4%, which is below what the Governor requested. Mr. Dreher also went over the budget requests and efforts he has made to have some items that had been denied, submitted for reconsideration. He went into specific items such as much needed vehicles and specific senior staff positions he requested, as well as the lease for the move by the Department into the Water Center; For a watermaster in the planned new water district.

10 min. break

Agenda Item No. 11, Other Items

Several Board members wished to welcome to Mr. Armacost. Mr. Rigby asked Staff to make appropriate arrangements for Mr. Jordan's retirement celebration.

Agenda Item No. 12, Next Meeting

May 13, 2005, Lewiston, ID at the Red Lion Inn.

Future meeting places discussed such as Coeur D'Alene in July and Eastern Snake, Salmon or Challis in September.

Mr. Dreher returned from a phone conference. Invited Speaker Newcomb to come and speak with the Board about Water Right Purchase.

Motion: Mr. Chamberlain made a motion to enter into Executive Session to discuss potential Water Right Purchase Agreements.

Mr. Wyatt seconded.

Voice vote approved.

The Board discussed potential Water Right Purchase Agreements.

Mr. Uhling moved to exit executive Session

Mr. Wyatt seconded.

Voice vote approved.

No action was taken.

The Board recessed to allow staff to discuss and consider details and wording of any motion that might be made.

Motion: Mr. Graham moved to return to Executive Session to further discuss terms and conditions of potential purchase agreements.

Mr. Armacost seconded

Voice vote approved

Mr. Graham moved to exit executive session and no action was taken.

Mr. Wyatt seconded.

Voice vote approved.

Mr. Rigby stated that no action has been taken and the Board would need to reconvene for further discussion.

Mr. Dreher clarified that further negotiation was regarding the acquisition of water rights pursuant to the Solicitation of Offers to Sell or Lease involving Bell Rapids and other respondents to that solicitation.

The Board concurred.

Mr. Wyatt made a Motion to adjourn

Mr. Graham seconded.

Voice vote approved.

Meeting adjourned.

Dated this 4th day of March 2005.

D. Richard Wyatt, Secretary

Crystal Calais, Administrative Assistant II

Board Actions

1. Agenda was modified to include Board Officer elections.
2. Election of Board Officers –
 - a. Mr. Rigby was re-elected Chairman for another term.
 - b. Mr. Uhling was re-elected Vice-Chairman for another term.
 - c. Mr. Wyatt was re-elected Secretary for another term.
3. Minutes of meeting #01-05 approved
4. Mr. Wyatt made the motion to authorize a loan of the \$133,580.00 at an interest rate of 6% for a 15-year term. Mr. Beck seconded. **Roll Call Vote:** Mr. Wyatt, Aye; Armacost, Aye;

Mr. Storer, Absent; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Aye; Mr. Rigby, Aye – 7 Ayes, 0 Nays, 1 Absent. ***Motion passed***

5. **Motion:** Mr. Chamberlain moved to approve Inducement Resolution #1-05 with the caveat that the 1/8% of net present value be retained. Mr. Wyatt seconded. **Amended Motion:** Mr. Chamberlain amended his motion to approve the Inducement Resolution only. Mr. Wyatt seconded the amended motion. **Roll Call Vote:** Mr. Wyatt, Aye; Armacost, Aye; Mr. Storer, Absent; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Aye; Mr. Rigby, Aye – 7 Ayes, 0 Nays, 1 Absent. ***Motion passed***
6. **Motion:** Mr. Chamberlain moved for Mr. WWrigley to prepare a more detailed financial report for the Board. Mr. Armacost seconded. *Unanimous voice vote in favor – Motion Passed.*
7. Two executive sessions entered to discuss acquisition of water rights pursuant to the solicitation of offers to sell – No actions were taken.